

# Big River

Big River  
Industries  
Limited  
(ASX:BRI)

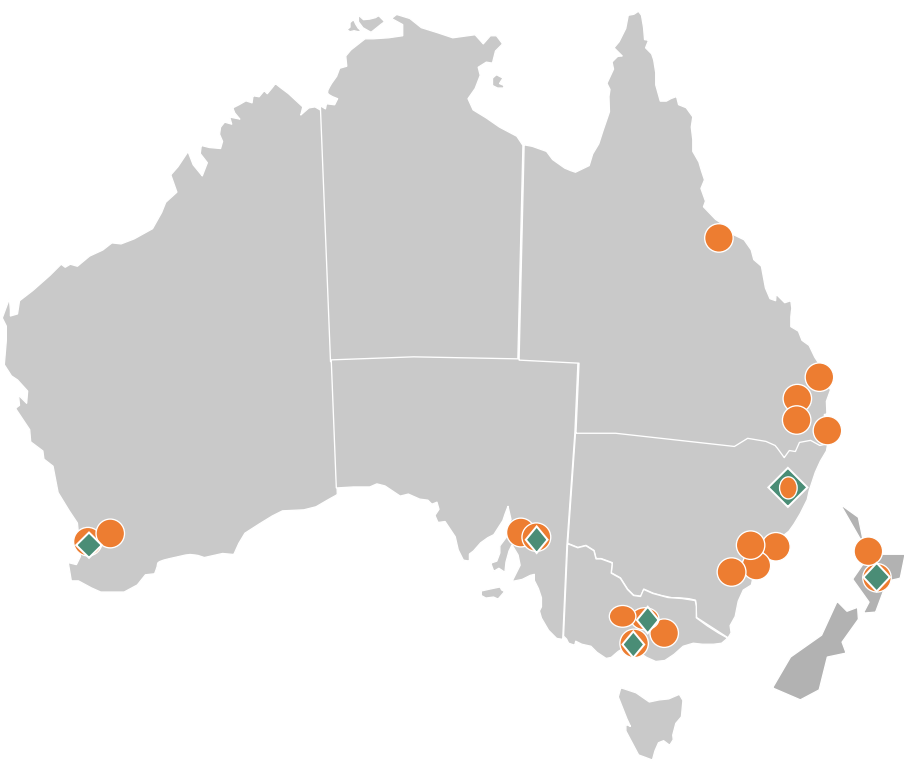


FY2021 AGM - CEO Presentation - 27 October 2021

# Big River Diversity






Diversified by geography, industry segment, construction type and customer <sup>(1)</sup>

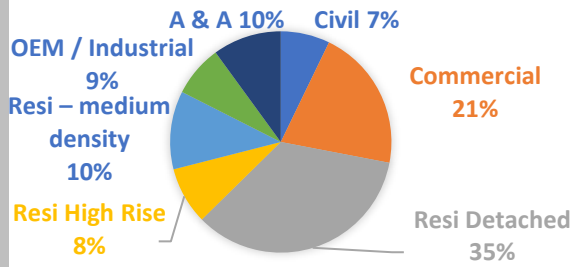


- ◆ Big River manufacturing facilities
- Big River sales / distribution sites

## Target Product categories

-  Formwork Materials – 18%
-  Building Products – 47%
-  Panels – 35%

## Revenue by construction market



## Asset mix

- ☐ 22 x distribution sites
- ☐ 6 sites performing specialty manufacturing including Steel, Panels, Flooring and Frame & Truss products

## Revenue by region

- ☐ QLD – 25%
- ☐ NSW/ACT – 26%
- ☐ VIC/SA/WA – 41%
- ☐ NZ – 8%
- ☐ >9,000 active trading accounts

(1) All references are based on FY22 pro forma revenue

# Financial Results FY2021

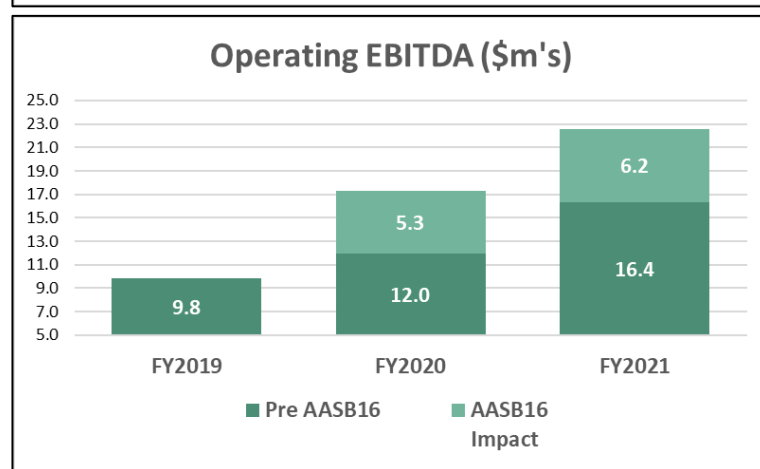
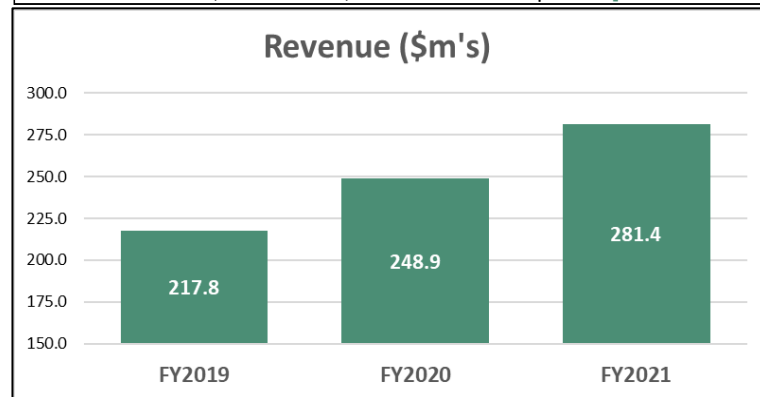
Financial Summary	FY2021 (\$m's)	FY2020 (\$m's)	Change
<b>Revenue</b>	<b>281.4</b>	<b>248.9</b>	<b>13.0%</b>
<b>EBITDA &amp; Other:</b>			
Distribution activities	23.4	19.1	22.7%
Corporate activities	(4.2)	(3.6)	-16.7%
Manufacturing facilities	3.3	1.8	86.2%
<b>Operating EBITDA <sup>(1)</sup></b>	<b>22.5</b>	<b>17.3</b>	<b>30.4%</b>
Depreciation and amortisation	(9.4)	(8.3)	-12.8%
<b>Operating EBIT <sup>(2)</sup></b>	<b>13.1</b>	<b>9.0</b>	<b>46.8%</b>
Interest	(1.9)	(2.3)	15.7%
Taxation expense	(3.4)	(2.1)	-68.2%
<b>NPAT (before significant items)</b>	<b>7.8</b>	<b>4.6</b>	<b>68.4%</b>
Significant items (net of tax)*	(6.0)	(0.2)	
<b>NPAT</b>	<b>1.8</b>	<b>4.4</b>	<b>-59.1%</b>
<i>* Significant items net of tax:</i>			
Net Wagga Wagga impairment	(4.5)	-	
Acquisition Costs	(1.0)	(0.6)	
Contingent consideration	0.1	0.4	
Share based remuneration	(0.6)	-	
<b>Total significant items (net of tax)</b>	<b>(6.0)</b>	<b>(0.2)</b>	

<sup>(1)</sup> Operating EBITDA is earnings before interest, taxes, depreciation, amortisation, and significant items (including impairment charges).

<sup>(2)</sup> Operating EBIT is earnings before interest, taxes and significant items (including impairment charges).

<sup>(3)</sup> OCFBIT is operating cash flow before interest and tax.

Key Financial Measures			
Revenue	\$281.4m	↑	13.0%
Operating EBITDA <sup>(1)</sup>	\$22.5m	↑	30.4%
Operating EBITDA margin	8.0%	↑	15.4%
NPAT (before significant items)	\$7.8m	↑	68.4%
EPS (before significant items)	11.15 cps	↑	49.0%
EPS (before Wagga impairment & restructure)	8.95 cps	↑	25.4%
Cash Conversion (OCFBIT <sup>(3)</sup> )	77%	↓	-28.7%
FY2021 Dividends (interim & final)	5.6 cps	↑	133.3%



# FY2022 Q1 Trading Update

## Market Conditions

- ❑ The market remained strong in Q1, as the construction cycle continued to come out of the FY20 trough
- ❑ We have lost 116 or 8.5% of our available dispatch days in Q1, due to lockdowns in various geographies
  - Victoria, NSW, New Zealand and the ACT most impacted
- ❑ Our assessment of the addressable market is it has grown more (~7%) than our original expectations (~4%), notwithstanding these restrictions
- ❑ Some positive signs in recent months on multi-residential approvals auger well for recovery in this segment
  - ABS data showed August 2022 approvals increased 14% for apartments on the prior month, and year on year approvals grew for first time in 3 years

## Sales & Category Highlights

- ❑ Group sales revenue was up 12% in Q1 on like for like basis, or 35% including acquisition contribution
- ❑ Growth was achieved in all categories (Building Products , Panels, and Formwork Materials)
- ❑ Growth was achieved in all States except NSW, which was flat with the prior year (and impacted by significant construction sector restrictions)
- ❑ New Zealand impacted by 5-week level 4 lockdown, but still on track after Q1 to achieve final year earn out targets

## Financial

- ❑ Q1 EBITDA performing ahead of expectations
  - Up over 70% on FY21 or 30% on a like for like basis
- ❑ NPAT in Q122 more than double that of Q121
- ❑ Inventories have grown further in Q1 (10%) with increased values (cost increases) and additional volumes secured
  - However, debtors continue to show improvement, partially offsetting the growth in inventories

# FY2022 Outlook

## Market Outlook

- ❑ Homebuilder and some supply restrictions continue to guarantee the strong detached housing pipeline will extend well into FY23
- ❑ Mounting evidence of recovery in the commercial and multi-residential sectors across most geographies
  - Expected to flow through in FY23
- ❑ Infrastructure, renovations and manufacturing / OEM sectors remain strong
- ❑ Acceleration of market improvement seen throughout FY21 continues into FY22
  - Q1 like for like growth greater than any quarter growth achieved in FY21

## Strategy

- ❑ Plywood manufacturing consolidation strategy progressing well
  - Second tranche of Government funding support lodged, with payment imminent
- ❑ Solid organic revenue growth being achieved including in key differentiated product categories
- ❑ Strong progress on the acquisition strategy
  - Timberwood showing revenue growth of >15% versus prior period, and trading at record levels
  - Revolution Wood Panels (RWP) completed in October 2021
  - United Building Products acquisition announced, with completion expected in early November 2021
  - Multiple other acquisitions continue to be actively assessed

## Financial

- ❑ Revenue now tracking at upper end of the previous guidance range
- ❑ Underlying EBITDA growth versus FY21 now expected to exceed the revenue growth
- ❑ The eight months contribution from United Building Products to contribute in addition to the previous guidance

# Appendix

Key Financial Measures	FY2017	FY2018	FY2019	FY2020	FY2021
	Pre AASB16	Pre AASB16	Pre AASB16	Post AASB16	Post AASB16
<b>Profitability</b>					
Revenue	\$177.1m	\$210.9m	\$217.8m	\$248.9m	\$281.4m
Operating EBITDA (before significant items)	\$10.2m	\$11.0m	\$9.8m	\$17.3m	\$22.5m
Reported EBITDA	\$8.1m	\$10.7m	\$9.2m	\$16.9m	\$24.1m
NPAT (before significant items)	\$5.4m	\$5.4m	\$4.4m	\$4.6m	\$7.8m
Reported NPAT	\$3.9m	\$5.2m	\$3.9m	\$4.4m	\$1.8m
Earnings Per Share (cents)	9.55 cps	9.79 cps	7.24 cps	7.14 cps	2.58 cps
<b>Cash flow</b>					
OCFBIT	\$7.0m	\$8.6m	\$7.0m	\$18.4m	\$18.6m
Operating cash flow	\$4.7m	\$5.0m	\$3.8m	\$14.9m	\$14.2m
EBITDA to OCFBIT % (cash conversion)	87%	80%	76%	108%	77%
<b>Dividends</b>					
Dividends - interim & final (cents)	3.5 cps	7.0 cps	4.4 cps	2.4 cps	5.6 cps
Dividend payout ratio (%)	47%	72%	66%	34%	246%

CASH FLOW (\$m's)	FY2017	FY2018	FY2019	FY2020	FY2021
	Pre AASB16	Pre AASB16	Pre AASB16	Post AASB16	Post AASB16
Reported EBITDA	8.1	10.7	9.2	16.9	24.1
Non-cash items & working capital changes	-1.1	-2.1	-2.2	1.5	-5.5
<b>OCFBIT</b>	<b>7.0</b>	<b>8.6</b>	<b>7.0</b>	<b>18.4</b>	<b>18.6</b>
Interest paid	-0.9	-0.8	-1.0	-2.2	-1.7
Tax paid	-1.4	-2.8	-2.2	-1.3	-2.7
<b>Operating Cash Flow</b>	<b>4.7</b>	<b>5.0</b>	<b>3.8</b>	<b>14.9</b>	<b>14.2</b>
Net capital expenditure	-1.2	-2.1	-1.4	-1.1	-1.7
Intangibles	-	-	-0.8	-1.0	-0.4
<b>Free cash flow</b>	<b>3.5</b>	<b>2.9</b>	<b>1.6</b>	<b>12.8</b>	<b>12.1</b>
Business acquisitions	-5.1	-3.7	-6.6	-19.6	-21.0
Contingent consideration	-	-	-	-0.2	-1.2
Net proceeds from issue of shares	16.5	-	1.4	6.1	19.2
Proceeds/(repayment) of borrowings	-7.4	2.9	5.4	12.3	0.2
Lease repayments	-	-	-	-4.9	-5.3
Dividends paid	-2.4	-3.7	-3.0	-1.4	-3.4
<b>Increase/(decrease) in cash</b>	<b>5.1</b>	<b>-1.6</b>	<b>-1.2</b>	<b>5.1</b>	<b>0.6</b>

PROFIT & LOSS (\$m's)	FY2017	FY2018	FY2019	FY2020	FY2021
	Pre AASB16	Pre AASB16	Pre AASB16	Post AASB16	Post AASB16
<b>Revenue</b>	<b>177.1</b>	<b>210.9</b>	<b>217.8</b>	<b>248.9</b>	<b>281.4</b>
<b>EBITDA from Operations:</b>					
- Distribution activities	9.7	12.0	11.3	19.1	23.4
- Corporate activities	-2.9	-3.1	-3.3	-3.6	-4.2
- Manufacturing facilities	3.4	2.1	1.8	1.8	3.3
<b>Operating EBITDA</b>	<b>10.2</b>	<b>11.0</b>	<b>9.8</b>	<b>17.3</b>	<b>22.5</b>
Depreciation	-1.7	-2.0	-2.2	-7.6	-8.8
Amortisation	-0.2	-0.5	-0.5	-0.7	-0.6
Operating EBIT	8.3	8.5	7.1	9.0	13.1
Interest	-0.9	-0.8	-1.0	-2.3	-1.9
Taxation Expense	-2.0	-2.3	-1.7	-2.1	-3.4
<b>NPAT (before significant items)</b>	<b>5.4</b>	<b>5.4</b>	<b>4.4</b>	<b>4.6</b>	<b>7.8</b>
<i>Significant items net of tax:</i>					
Wagga Wagga Impairment	0.0	0.0	0.0	0.0	-4.5
IPO costs	-1.4	0.0	0.0	0.0	0.0
Acquisition costs	-0.1	-0.2	-0.5	-0.6	-1.0
Contingent consideration	0.0	0.0	0.0	0.4	0.1
Share-based remuneration	0.0	0.0	0.0	0.0	-0.6
<b>NPAT (statutory)</b>	<b>3.9</b>	<b>5.2</b>	<b>3.9</b>	<b>4.4</b>	<b>1.8</b>

NET CASH/(DEBT) (\$m's)	FY2017	FY2018	FY2019	FY2020	FY2021
	Pre AASB16	Pre AASB16	Pre AASB16	Post AASB16	Post AASB16
Cash at bank	3.6	2.0	1.2	8.7	7.8
Overdraft and trade finance	0.0	0.0	-0.5	-2.8	-1.4
Bank bills	-5.0	-7.9	-13.5	-25.9	-26.0
Bank lease liability	-2.6	-2.5	-2.3	-2.0	-2.2
<b>Net Bank Debt</b>	<b>-4.0</b>	<b>-8.4</b>	<b>-15.1</b>	<b>-22.0</b>	<b>-21.8</b>
Lease liability AASB16	0.0	0.0	0.0	-19.5	-23.5
<b>Total</b>	<b>-4.0</b>	<b>-8.4</b>	<b>-15.1</b>	<b>-41.5</b>	<b>-45.3</b>
Gearing *	6.6%	12.5%	19.7%	23.5%	18.7%

\* Gearing is measured as: net bank debt / (net bank debt + equity)

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